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Current Support Brief

CIA/RR CB 62-66

No. Pages 4  
5 November 1962

CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANTIZED

USSR STRIVES TO MAKE MORE PETROLEUM  
AVAILABLE FOR EXPORT



CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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USSR STRIVES TO MAKE MORE PETROLEUM  
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Considerable publicity has been given recently to the apparent slowdown in the export of petroleum from the Soviet Bloc to non-Bloc countries. Available information indicates that total exports from the Bloc during the first 6 months of 1962 showed only a 1.8 percent growth in volume -- to 15.4 million metric tons (mt) -- compared with the first 6 months of 1961. Of this total the USSR provided about 87 percent, which was in line with past participation.

Western observers have advanced a variety of reasons to explain this apparent slowdown, including among others the reluctance of importing countries to increase their reliance on Soviet petroleum, a reaction to Soviet price increases with regard to certain offerings, and the failure by the USSR to find any new markets of appreciable size. Although it is believed that these reasons may have exerted some marginal depressing influence on export levels, it is more likely that the real reason for the apparent slowdown is that the USSR during this period simply did not have the petroleum to provide any appreciable growth. This belief is supported by Soviet data on the level of output of crude oil and the consumption of petroleum products planned for 1962. As shown in the table, apparently only 26 million mt of petroleum were to be available for export from the USSR to non-Bloc countries in 1962, slightly less than the amount actually exported in 1961.

Since the publication of the plan data given in the table, the USSR has called for a 2-percent reduction in the domestic consumption of petroleum products. 1/ This savings, if achieved, would provide about 3 million mt of petroleum, according to Soviet reports. In addition, a Soviet source alludes to an overfulfillment of the goal for production of crude oil in 1962 by 2 million mt. 2/ Based on reported 9-month achievements, such an overfulfillment is highly probable. Together, these measures would provide 5 million additional mt of petroleum.

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Table  
Petroleum Supply and Demand in the USSR  
1961 and 1962 Plan

	Million Metric Tons	
	<u>1961</u>	<u>1962 Plan</u>
<u>Supply</u>		
Production of crude oil	166.1 <u>a/</u>	185 <u>b/</u>
Imports	3.7 <u>c/</u>	4 <u>d/</u>
Production of natural gas liquids and synthetics	2 <u>d/</u>	2 <u>d/</u>
Total supply	<u>171.8</u>	<u>191</u>
<u>Demand</u>		
Domestic demand	130.6 <u>e/</u>	150 <u>f/</u>
Total exports	41.2	41 <u>e/</u>
To other Bloc countries	14.3 <u>c/</u>	15 <u>d/</u>
To non-Bloc countries	26.9 <u>c/</u>	26 <u>d/</u>
Total demand	<u>171.8</u>	<u>191</u>

a. 3/

b. 4/

c. 5/

d. Estimated.

e. Residual.

f. 6/. It is possible that this level of domestic demand may be in excess of that which had originally been planned for the year. This quantity may represent an upward revision of the original plan as a result of above-plan consumption in the first half of the year.

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Under optimum conditions, net exports from the USSR to non-Bloc countries in 1962 could reach as much as 31 million mt of petroleum compared with about 26 million mt in 1961 and 20 million mt in 1960. More likely, net exports to non-Bloc countries will be less than the optimum. If Soviet efforts to honor trade commitments in recent years are considered, it is believed that the USSR probably will try to export about 29 million mt of petroleum in order to meet their estimated obligations for 1962. However, to avert failure -- and the subsequent unfavorable publicity sure to result -- the USSR must overfulfill the plan for production of crude oil and/or obtain a reduction in domestic consumption of petroleum products of not less than 3 million mt of petroleum.

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Analyst:

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